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Audit



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OFFICE OF THE INSPECTOR GENERAL

QUICK-REACTION REPORT ON THE REVIEW OF
DEFENSE BASE CLOSURE AND REALIGNMENT BUDGET
DATA FOR CARSWELL, BARKSDALE, DYESS, MINOT,
AND TINKER AIR FORCE BASES

Report Number 93-027

November 27, 1992

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BASE CLOSURE AND RELOCATION AT
CARSWELL, BARKSDALE, AND
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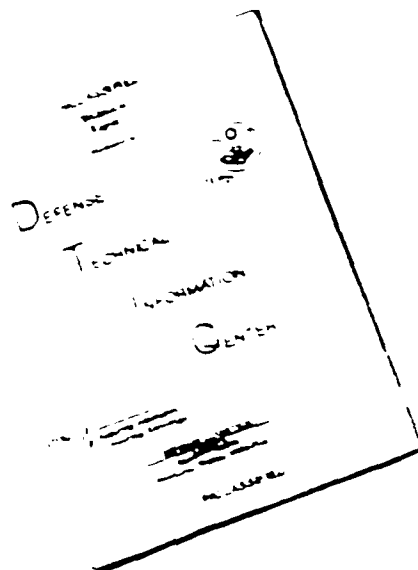
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The following acronyms are used in this report.

ACM.....	Advanced Cruise Missile
AFB.....	Air Force Base
AFM.....	Air Force Manual
AFR.....	Air Force Regulation
AFRES.....	Air Force Reserve
BCE.....	Base Civil Engineering
BRAC.....	Base Realignment and Closure
COBRA.....	Cost of Base Realignment Actions
FTD.....	Field Training Detachment
IMF.....	Integrated Maintenance Facility
MILCON.....	Military Construction
O&M.....	Operations and Maintenance
SATF.....	Site Activation Task Force
SIQH.....	Supervision, Inspection, and Overhead
STS.....	Strategic Training Squadron



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



November 27, 1992

MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)

SUBJECT: Quick-Reaction Report on the Review of Defense Base
Closure and Realignment Budget Data for Carswell,
Barksdale, Dyess, Minot, and Tinker Air Force Bases
(Report No. 93-027)

We are providing this final report for your information and use. The audit was required by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991. The law prescribes that we evaluate significant increases in military construction project costs over the estimated costs provided to the Defense Base Closure and Realignment Commission. This report is one in a series of reports relating to FY 1993 military construction costs and addresses the partial closing of Carswell Air Force Base and realignment of its functions to Barksdale, Dyess, Minot, and Tinker Air Force Bases. Comments on a draft of this report were considered in preparing the final report.

DoD Directive 7650.3 requires that all audit recommendations be resolved promptly. Therefore, we requested that the Assistant Secretary of the Air Force provide final comments on the unresolved sections of Recommendations 1. and 3. by December 18, 1992. See the Additional Comments Required section at the end of Part I for the response requirements. The comments must indicate concurrence or nonconcurrence with recommendations addressed to you. If you concur, describe the corrective actions taken or planned, the completion dates for actions already taken, and the estimated completion dates for planned actions. If you nonconcur, please state your specific reasons. If appropriate, you may propose alternative methods for accomplishing desired improvements. If you nonconcur with the estimated monetary benefits or any part thereof, you must state the amount with which you nonconcur and the basis for your nonconcurrence.

We appreciate the courtesies extended to the audit staff. If you have any questions on this audit, please contact Mr. Salvatore D. Guli at (703) 692-3025 (DSN 222-3025) or

Ms. Sandra L. Fissel at (703) 614-9645 (DSN 224-9645).
Appendix D lists the distribution of this report. The audit
team members are listed inside the back cover.

E. R. Jones

Edward R. Jones
Deputy Assistant Inspector General
for Auditing

cc:

Secretary of the Air Force
Assistant Secretary of Defense (Production and Logistics)
Comptroller of the Department of Defense

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Office of the Inspector General, DoD

AUDIT REPORT NO. 93-027
(Project No. 2CG-5022.04)

November 27, 1992

QUICK-REACTION REPORT ON THE REVIEW OF
DEFENSE BASE CLOSURE AND REALIGNMENT BUDGET DATA FOR
CARSWELL, BARKSDALE, DYESS, MINOT, AND TINKER AIR FORCE BASES

EXECUTIVE SUMMARY

Introduction. The review was directed by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991. This Public Law states that the Secretary of Defense shall ensure that the amount of the authorization requested by DoD for each military construction project associated with base closure and realignment actions does not exceed the original estimated cost provided to the Defense Base Closure and Realignment Commission. The Secretary is required to submit to Congress an explanation of the reasons for the differences in a project's requested amount and the initial estimated cost. The Inspector General, DoD, is required to review each military construction project for which the Secretary submits an explanation to Congress and to provide the results of the review to the Secretary for forwarding to Congress. This report is one in a series of reports relating to FY 1993 military construction cost increases for the realignment and closure of military bases.

Objective. The objective of the overall review was to evaluate significant cost increases over the estimated costs provided to the Defense Base Closure and Realignment Commission for base closure and realignment military construction projects.

Audit Results. This report provides the results of the review of 10 military construction projects valued at \$18.3 million related to the partial closing of Carswell Air Force Base and realignment of the functions to Barksdale, Dyess, Minot, and Tinker Air Force Bases.

o The Air Force did not adequately prepare documentation for the projects' requirements in accordance with regulations.

o By using existing facilities and equipment and deleting unnecessary and already-canceled requirements, the Air Force can reduce military construction costs within the base realignment and closure appropriation account for the 10 projects by about \$12.4 million (Appendix A).

Internal Controls. We did not review internal controls as related to the objective because of the time sensitivity of the data reviewed.

Potential Benefits of Audit. The report recommendations should result in a total reduction of \$12.4 million to base realignment and closure accounts. An accounting adjustment to increase costs for other Air Force accounts by \$546,000 results in a net monetary benefit of \$11.883 million (Appendix B).

Summary of Recommendations. We recommended that the Air Force prepare a new DD Form 1391, "Military Construction Project Data," and provide supporting documentation for military construction requirements and estimated costs. We also recommended that the Air Force exclude invalid project requirements and costs from revised budget submissions, maximize use of existing equipment at Carswell Air Force Base in fulfilling project requirements, and report canceled projects in accordance with Air Force regulations. We further recommended that the Air Force reduce the FY 1992 military construction authorization by \$427,000, reduce the FY 1993 military construction authorization by \$11.5 million for projects with overstated requirements, and transfer \$546,000 of costs from base realignment and closure accounts to other Air Force accounts.

Management Comments. The Air Force partially concurred with Recommendation 1. to prepare new DD Forms 1391 with adequate supporting documentation, to use existing equipment and space to the maximum extent possible, and to exclude invalid project requirements and costs. The Air Force concurred with Recommendation 2. to submit cancellation notices for two canceled projects totalling \$2.49 million. The Air Force also partially concurred with Recommendation 3. to reduce the FYs 1992 and 1993 military construction authorizations for the remaining eight projects.

Audit Response. We considered the Air Force response to Recommendations 1. and 3. to be only partially responsive to the recommendations. We request the Assistant Secretary of the Air Force (Financial Management and Comptroller), the Commander, Air Combat Command, and the Commander, Air Force Reserve to provide final comments on the unresolved recommendations and monetary benefits by December 18, 1992. A summation of the management comments, the audit response to management comments, and additional comments required is in Part I of the report, and the complete text of management comments is in Part III of the report.

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This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD. Copies of the report can be obtained from the Secondary Reports Distribution Unit, Audit Planning and Technical Support Directorate, (703) 614-6303 (DSN 224-6303).

PART I - RESULTS OF AUDIT

Introduction

On March 6, 1992, we announced our review of Defense Base Closure and Realignment budget data. The review was directed by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," enacted December 5, 1991. The objective of the review was to evaluate significant increases in military construction (MILCON) project costs over the estimated costs provided to the Defense Base Closure and Realignment Commission (the Commission). This report is one in a series of reports relating to FY 1993 MILCON costs for the closure and realignment of military bases. This report specifically addresses the partial closure of Carswell Air Force Base (AFB), Texas, and realignment of the functions toarksdale AFB, Louisiana; Dyess AFB, Texas; Minot AFB, North Dakota; and Tinker AFB, Oklahoma.

The proposed \$18.3 million for 10 construction projects for realigning Carswell AFB was not adequately documented as required by Air Force Regulation (AFR) 86-1, "Programming Civil Engineer and Appropriated Fund Resources." Supporting documentation lacked details needed to validate some project costs, overstated space requirements, did not consider space in existing facilities, included projects that were previously canceled, and included military construction not directly associated to the base closure or realignment. Overall, the Air Force could reduce MILCON costs within the base realignment and closure (BRAC) appropriation account for the 10 projects by over \$12.6 million.

Background

Public Law 102-190 states that the Secretary of Defense (the Secretary) shall ensure that the amount of the authorization requested by DoD for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. The Secretary is required to submit to Congress an explanation of the reasons for the differences in a project's requested amount and the initial estimated cost. Also, the Inspector General, DoD, is required to review each MILCON project for which the Secretary submits an explanation to Congress.

Costs submitted to the 1991 Commission were developed from a computer model, "Cost of Base Realignment Actions" (COBRA), initially developed during the 1988 base closure process. The model was used to estimate the potential costs and savings associated with realignment recommendations. Specifically, the model estimated one-time realignment and closure costs, such as administrative planning and support, personnel actions, moving, construction, procurement and construction cost avoidances, and other one-time costs and cost avoidances.

The COBRA model also estimated recurring costs and savings. However, the costs were developed as a "closure and realignment package" for a particular closing or base realignment and not developed by specific MILCON projects for each installation affected by the recommendations.

Scope

Because we were unable to determine the amount of cost increases for each MILCON project related to a base closure, we compared the total COBRA construction cost for each base closure package to the Military Departments MILCON budget submissions for FY 1993 and future years. Our comparison found 13 base closure packages with increases ranging from \$1.1 million to \$98.7 million. We elected to review seven packages. Each had an increase in cost of 20 percent or greater. This report covers the Carswell AFB closure and realignment package.

The Commission recommended that Carswell AFB realign its force structure and partially close the base by FYs 1993/1994. The 7th Bombardment Wing will inactivate. All B-52H aircraft will transfer to Barksdale AFB and all KC-135A aircraft will be redistributed to active and air reserve component units. The 436th Strategic Training Squadron (STS) will realign to Dyess AFB. Component units of the Air Force Reserves will remain at Carswell AFB in a cantonment area. (A cantonment area is the land and buildings that are retained at a closing base to support Air National Guard or Air Force Reserve operations.) The original COBRA estimate for military construction was \$20 million. The FYs 1992 through 1997 MILCON budget for base closure at Carswell AFB totaled \$26.2 million, an increase of \$6.2 million or 31 percent. The Air Force FY 1993 budget submission explained that the increase was caused by the use of more detailed cost estimates resulting from actual on-site surveys to definitize the requirements.

We reviewed justification for the one FY 1992 and the nine FY 1993 MILCON projects totaling \$18.3 million, located at the five air force bases related to the Carswell AFB realignment. The remaining projects, currently estimated at \$7.8 million, are scheduled for implementation during FYs 1994 through 1997.

This economy and efficiency audit was conducted at the activities listed in Appendix C during April and May 1992. We did not rely on computerized data to conduct this review. Additionally, we did not review internal controls related to our objective because of the time sensitivity of the data under review. Except as noted, the review was made in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD.

Other Audits

In addition to this report, the Inspector General, DoD, has completed three audits related to the overall objective. These audits are:

- o the base closure of Naval Station Philadelphia, Pennsylvania, and the realignment of Naval Aviation Engineering Service Unit, Philadelphia, Pennsylvania, to Naval Air Warfare Center, Lakehurst, New Jersey (IG, DoD Report No. 92-085);

- o the partial closing of MacDill AFB, Florida, and the realignment of some of its functions to Luke AFB, Arizona, and Seymour Johnson AFB, North Carolina (IG, DoD Report No. 92-086); and

- o the closure of Fort Benjamin Harrison, Indiana, and the realignment of some of its functions to Fort Meade, Maryland. This includes the realignment of functions scheduled to move to Fort Benjamin Harrison from Fort Sheridan, Illinois, but now realigned to Fort Knox, Kentucky (IG, DoD, Report No. 92-087)

The General Accounting Office is conducting an audit (GAO Code 098100) of the closure of Rock Island Arsenal, Illinois, and various other minor activities with functions being realigned to Redstone Arsenal, Huntsville, Alabama.

The Army Audit Agency conducted an audit (Report SR 92-702) on base realignment and closure construction requirements, which included coverage of our objectives at two activities. The audits were:

- o the realignment of functions from Fort Benjamin Harrison to Fort Jackson, South Carolina; and

- o the closure of Fort Ord, California, and the realignment of some of its functions to Fort Lewis, Washington.

We will submit a summary report to the Secretary of Defense on the audits of all seven base closure packages with significant FY 1993 cost increases over the costs submitted to the commission.

Discussion

Adequacy of supporting documentation for estimated project costs. Our review disclosed that the Air Force did not have adequate documentation to support the requirements and costs for the 10 MILCON projects totaling \$18.3 million associated with the partial closure and realignment of Carswell AFB. AFR 86-1 describes the documentation needed to support the MILCON project requirements and the estimated MILCON costs. The regulation

includes a requirement for a detailed cost estimate that should be prepared on DD Form 1391, "Military Construction Project Data." An efficient detail to permit cost validation. Further, the regulation requires that the host installation prepare a detailed data sheet listing existing facilities and space requirements related to the proposed project. None of the DD Forms 1391 we reviewed were supported with a detailed cost estimate or a detailed list of existing facilities and space requirements.

Requirements and estimated costs. We found that requirements and estimated costs for all 10 projects were overstated. We determined that:

- o space requirements were often overstated, and adequate space in existing facilities was not always considered;

- o the use of existing equipment in developing project requirements and estimated costs was not considered;

- o the requirements and associated costs for supporting facilities consisting of utilities, pavements, and site improvements, which were based on construction requirements, were often overstated;

- o contingency costs for six projects were based on a 10-percent contingency rate factor that exceeded the standard rate factor of 5 percent, thus overstating the contingency costs; and

- o project requirements were deleted by the responsible Air Force command, with no corresponding adjustment to the DD Form 1391 budget submission.

Overstated project requirements resulted in increased costs for contingencies and for supervision, inspection, and overhead (SIOH) costs. These cost estimates were based on percentages of either 5 or 10 percent for contingency costs and 6 percent for SIOH costs, to cover unforeseen requirements and architect-engineer services. The contingency costs were derived by applying either 5 or 10 percent to the total project cost. According to DoD Instruction 7040.4, "Military Construction Authorization and Appropriation," a standard rate factor of 5 percent is permitted for contingency costs. A higher factor may be allowed, but only if adequately justified. Six of the ten projects reviewed used a 10-percent contingency factor without justification. The Army Corps of Engineers establishes the SIOH rate for determining such costs for military construction projects for Air Force Reserve facilities. The current SIOH rate was 6 percent. The SIOH costs were appropriately calculated by applying 6 percent to the sum of the total project cost and the contingency cost. Total cost reductions for contingencies and

SIOH costs depend on total cost reductions in project requirement costs. However, because actual total cost reductions in project requirement costs are currently unknown, we computed the effect of a cost reduction for contingencies and SIOH costs using the available project requirement costs identified during the audit.

As a result, there were \$12.1 million of overstated and \$226,000 of understated cost requirements (Appendix A). The related projects are described below.

Add to and alter base supply complex - Carswell AFB, (Project DDPF939004). The Air Force estimated the project would cost \$650,000. We determined that the project requirements should be reduced by \$541,000.

Base Supply Administration and Warehouse. A total of 48,000 square feet of alterations to the existing commissary, at a cost of \$384,000, were requested to create a base supply warehouse and related administrative offices. Documentation did not fully support this requirement. In addition, our review disclosed that space requirements for the base supply administration and warehouse project were overstated. Air Force Manual (AFM) 86-2, "Civil Engineering Programming, Standard Facility Requirements," paragraph 24-70, allows for a total of 25,200 square feet of space for the warehouse and administrative offices. In addition, conversion of the existing commissary with 48,000 square feet of available space would not require any military construction to satisfy this requirement. The warehouse portion of the commissary needs no alterations or additions to fulfill the base supply warehouse requirement. Existing prefabricated modular furniture can be used in the warehouse to satisfy the requirement for administrative offices, and military construction would not be necessary. Therefore, this requirement should be deleted, and the project cost should be reduced by \$384,000.

Base Supply Open Storage. Construction of a 2,500-square-yard open storage facility was requested at a cost of \$75,000. According to AFM 86-2, paragraph 24-71, this requirement should only be 600 square yards. In addition, adequate space is already available in the commissary warehouse for open storage. Space in the parking lot adjacent to the commissary can also be used for storing materials. Therefore, the construction of an open storage facility for base supply is not necessary. The requirement should be deleted and the project cost reduced by \$75,000.

Other Project Costs. Based on the reduction in costs stated above and the use of a 5-percent contingency factor instead of the unjustified 10-percent factor, the cost for contingencies should be reduced by \$51,000, and the cost for SIOH should be reduced by \$31,000.

Add to and alter base civil engineering (BCE) facilities - Carswell AFB, (Project DDPF939005). The Air Force estimated the project would cost \$1.95 million. We determined that the project requirements should be deleted at a savings of \$1.95 million.

BCE Maintenance Shops. A total of 8,700 square feet was requested for BCE maintenance shops at a cost of \$357,000. The documentation for the requirement did not support a need for BCE maintenance shops. Even if the requirement was needed, the computed space requirements for the BCE maintenance shops were overstated. AFM 86-2, paragraph 24-60, allows for a total of 6,000 square feet of space for the BCE maintenance shops and administrative offices. We also found that existing space within the cantonment area was not fully considered. Space available in the retail side of the commissary may be suitable for the BCE maintenance shops. This vacant space should be used to the maximum extent possible in satisfying this requirement. Therefore, this requirement should be deleted and the project cost reduced by \$357,000, until adequate supporting documentation is developed.

BCE Administration. A total of 6,000 square feet of alterations to an existing facility was requested for BCE administration at a cost of \$270,000. Space requirements were overstated as AFM 86-2 only authorizes 6,000 square feet for maintenance shops and administrative offices combined. Our review also disclosed that existing space is available within the cantonment area in building 1651. The building is adequate and does not need any alteration. Therefore, this requirement should be deleted and the project cost reduced by \$270,000.

BCE Open Storage. The Air Force requested the construction of a 4,350-square-yard open storage facility at a cost of \$135,000. This requirement should be reduced to 3,000 square yards, as required by AFM 86-2. In addition, the existing commissary parking lot, as well as available space in the commissary warehouse, could be used for open storage. Therefore, the construction of an open storage facility for BCE is not necessary. The requirement should be deleted and the project cost reduced by \$135,000.

BCE Storage Shed. Construction of a new storage shed at a cost of \$200,000 was not needed. Our review showed that space is available in the commissary warehouse to fulfill this requirement. Even if needed, the request for 5,400 square feet of space for the shed was excessive. AFM 86-2 only authorizes 1,800 square feet. This requirement should be deleted and the project cost reduced by \$200,000.

Reserve Civil Engineering Squadron. The Reserve Civil Engineering Squadron will not be relocated as a result of

base closure, but will remain in its current facility. Therefore, the requirement for altering existing Carswell AFB facilities for the Civil Engineering Squadron should be deleted and the project cost reduced by \$257,000.

RCE Covered Storage. The requirement for a covered storage area was invalid. Our review disclosed that excess space in the commissary warehouse can satisfy this requirement. Therefore, the requirement should be deleted and the project cost reduced by \$97,000.

Other Project Costs. The cancellation and reduction in the project requirements results in a \$345,000 reduction for supporting facilities consisting of utilities, pavements, and site improvements. Based on the cost reductions stated above, and the use of a 5-percent contingency factor instead of the unjustified 10-percent factor, the cost for contingencies should be reduced by \$166,000, and the cost for SIQH should be reduced by \$110,000. Also, the project costs should be reduced by the \$13,000 that was added to total proposed costs for rounding purposes.

Alter facilities for base cantonment - Carswell AFB, (Project DDPF939006). The Air Force estimated the project would cost \$2.55 million. We determined that the project requirements should be reduced by a total of \$1.67 million.

Life Support Equipment Shop. Alterations to 1,500 square feet of the life support equipment shop, at an estimated cost of \$99,000, were not required. The shop will remain in the current facility, which is inside the planned cantonment area. Therefore, the requirement should be deleted and the project cost reduced by \$99,000.

Fitness Center. The Air Force Reserves initially planned to spend \$102,000 to alter the youth center for use as a fitness center. Plans were subsequently revised to use an existing fitness center instead. The existing facility is inside the proposed cantonment area and does not require alterations or additions. This requirement should be deleted and the project cost reduced by \$102,000.

Miscellaneous Administrative Facilities. The project included a requirement for alteration of administrative facilities at a lump-sum cost of \$375,000. However, Air Force engineers did not demonstrate space deficiencies as required by applicable criteria, did not identify the facilities to be altered, and did not have a reasonable basis to support the requirement. Therefore, the requirement should be deleted and the project cost reduced by \$375,000.

Security Police Operations/Flight. Alterations to a total of 7,800 square feet of existing office space, at a cost of \$257,000, were requested for security police facilities. This requirement should be reduced to 2,200 square feet, as required by AFM 86-2, paragraph 24-79. Carswell AFB has an existing 3,633 square foot facility for the security police operations/flight facility that is in adequate condition. Only an additional 2,200 square feet of space is authorized for security police operations. Therefore, the project scope should be reduced by 5,600 square feet and the project cost reduced by \$185,000.

Other Project Costs. A total of \$750,000 was originally estimated for supporting facilities consisting of utilities, pavements, and site improvements. The cancellation and the reduction in the project requirements results in a reduction of \$625,000 for these costs. The remaining balance of \$125,000 was valid and was based on an estimate of 18.725 percent, furnished by the BCE office, applied to the net of the project cost (excluding supporting facilities, contingency, and SIOH costs), and decreased by the reductions proposed above. Also, based on the cost reductions stated above, and the use of a 5-percent contingency factor instead of the unjustified 10-percent factor, the cost for contingencies should be reduced by \$178,000, and the cost for SIOH should be reduced by \$94,000. Also, the project costs should be reduced by \$9,000 that was added to total proposed costs for rounding purposes.

Alter medical training facility - Carswell AFB, (Project DDPF939007). The Air Force estimated the project would cost \$650,000. We determined that the project requirements should be reduced by \$259,000.

Training Facility. Our review showed that the estimated MILCON cost of \$523,000 for the training facility was not adequately supported. The support data supplied to us by Headquarters, Air Force Reserves, Civil Engineering Division, included unneeded costs totaling \$191,000. These costs were for structural alterations to two buildings that, according to BCE real property records, are both structurally sound and operationally adequate without such alterations.

Other Project Costs. The requirement for site improvements and pavements in the amounts of \$5,000 and \$10,000, respectively, are not valid. Therefore, the costs for supporting facilities should be reduced by \$15,000. Also, based on the proposed reductions stated above and the use of a 5-percent contingency factor instead of the unjustified 10-percent factor, the cost for contingencies should be reduced by \$38,000, and the cost for SIOH should be reduced by \$15,000.

Fencing/utility isolation/wash rack - Carswell AFB,
(Project DDYF939008). The Air Force estimated the project would cost \$2.67 million. We determined that the project requirements should be reduced by a total of \$1.95 million.

Metering and Utility Isolation. Relocation of existing utility lines and meters for gas, electric, sewage, and water was requested for the new cantonment area as a result of BRAC actions. The total MILCON cost is estimated to be \$1.75 million. Our review disclosed that documentation did not support this requirement. Until adequate supporting documentation is developed, this requirement should also be deleted and the project cost reduced by \$1.75 million.

Other Project Costs. Based on the proposed cost reductions stated above, the cost for contingencies should be reduced by \$37,500, and the cost for SIOH should be reduced by \$110,500.

Alter missile assembly facility - Barksdale AFB,
(Project AWUB935107). The closure and realignment of Carswell AFB requires altering the existing Integrated Maintenance Facility (IMF) at Barksdale AFB to accept the new advanced cruise missile (ACM). The ACM is used on the B-52H model aircraft, which will be transferred from Carswell AFB to Barksdale AFB as a result of base closure. The Air Force estimated the project would cost \$1.45 million. We determined that the project requirements should be reduced by \$427,000.

Site Activation Task Force (SATAF) Administration and 400 Hertz Power. The MILCON estimated cost for these two items is \$325,000 (\$285,000 for SATAF plus \$40,000 for the hertz power). The Barksdale command noted that these requirements were no longer valid. Therefore, the project cost should be reduced by \$325,000.

Other Project Costs. Based on the proposed reduction in costs stated above and the use of a 5-percent contingency factor instead of the unjustified 10-percent factor, the cost for contingencies should be reduced by \$78,000, and the cost for SIOH should be reduced by \$24,000.

Available Equipment. Estimated project equipment requirements were all based on purchases of new equipment. Details on the value of this equipment were not specified in the project. However, equipment is available at Carswell AFB that can be used at Barksdale AFB in lieu of purchasing new equipment. The 7th Civil Engineering Squadron at Carswell AFB prepared a comprehensive list of ACM-peculiar facility equipment required to activate the ACM system at Barksdale AFB and recommended that these equipment items be removed from Carswell's IMF for possible integration into Barksdale's IMF. In addition, Headquarters,

Strategic Air Command, advised that existing equipment will be available from Carswell AFB, eliminating the necessity to purchase new equipment. A determination needs to be made as to what equipment from Carswell AFB can be used at Barksdale AFB, and a new DD Form 1391 should be prepared incorporating the use of this equipment.

Technical training facility - Dyess AFB, Texas, (Project FHW2933006). Mission changes and management decisions occurring after the initial funding request will require revision of the project scope and the related funding request. The Air Force estimated the project would cost \$5.4 million. We determined that the project requirements should be reduced by \$2.334 million for unneeded requirements and increased by \$226,000 because of understated costs for classrooms.

Training Aids Shop. The Training Aids Shop will no longer be needed; therefore, this requirement should be deleted and the project cost reduced by \$1.478 million.

Technical Training Classroom. The initial plan was to relocate the 436th STS from Carswell AFB into a facility at Dyess AFB, which is currently occupied by the 417th Field Training Detachment (FTD). The 436th STS was to use the entire facility to satisfy its requirement for 41,800 square feet of space. However, plans have now changed; the 417th FTD will not be moving out but will continue to occupy 14,844 square feet of the total 41,758 square feet of space in the facility leaving 26,914 square feet available for the 436th STS. In addition, the 436th STS requirement for 41,800 square feet has been reduced to 35,684 square feet. Therefore, an additional 8,770 square feet (35,684 square feet less 26,914 square feet) of space is required, which will be satisfied with new construction estimated to cost \$986,000. The cost to renovate the 26,914 square feet of existing space is estimated to be \$1.372 million. We estimated the total cost of the technical training classroom to be \$2.358 million, an increase of \$226,000.

Field Training Facility. This requirement is no longer needed, and the costs of \$270,000 should be eliminated. Originally, this project was included to provide for the relocation of the 417th FTD, which was to vacate its current facility to make room for the 436th STS. The 417th FTD, however, will no longer relocate, thereby eliminating this requirement.

Other Project Costs. Based on the overall net reduction in project cost and scope stated above, supporting facilities originally estimated at a cost of \$775,000 should be reduced by \$372,000. Also, the cost for contingencies should be reduced by \$95,000, and the cost for SIOH should be reduced by \$119,000.

Television production facility - Dyess AFB, (Project FFW29J301C). The proposed costs of \$2.05 million, including contingency and SIOH costs, should be eliminated. The project required a facility to house Detachment 1, 1365th Audio Visual Squadron, which was being relocated to Dyess AFB from Carswell AFB. The total MILCON project cost of \$2.05 million is no longer needed. The reorganization of Headquarters, Strategic Air Command and Headquarters, Tactical Air Command resulted in the inactivation of the 1365th Audio Visual Squadron thereby eliminating the need for the television production facility. As a result, the requirement and associated project costs of \$2.05 million should be eliminated.

Alter flight simulation training, Minot AFB, (Project QJVP915002). The proposed costs of \$440,000, including contingency and SIOH costs, should be deleted. The closure of Carswell AFB requires that a KC-135 operational flight trainer be relocated to Minot AFB. The Air Force estimated the total MILCON project cost to be \$440,000. Initially, the project required the altering of an existing facility at Minot AFB to accommodate the KC-135 simulator. However, the KC-135 simulator is now being placed in the space at Minot AFB previously occupied by the B-52 flight simulator, which will be moved to K.I. Sawyer AFB, Michigan. As a result, MILCON funds will not be required, as project costs are now estimated to be approximately \$30,000 and will be funded with Operations and Maintenance (O&M) funds. Therefore, the requirement and associated project costs of \$440,000 should be deleted.

Alter communications facility - Tinker AFB, (Project WWYK920205). The proposed project is to construct a facility at Tinker AFB for the Automated Digital Weather Switch System. The Air Force estimated the project would cost \$500,000. We determined that documentation did not support \$280,000 of the proposed project costs. The remaining project costs of \$220,000 should also be eliminated based on the following.

Emergency Generator. Our review found that the requirement for an emergency generator had been canceled. Therefore, the requirement should be deleted and the project cost reduced by \$198,000.

Other Project Costs. Based on the proposed cost reduction for the deleted requirement, the cost for contingencies should be reduced by \$10,000, and the cost for SIOH should be reduced by \$12,000.

Funding of MILCON projects. Our audit revealed the inappropriate use of base closure funds associated with three of the projects reviewed. Two of the projects included requirements not directly associated to the base closure, while the other project included costs for equipment and expenses that should be

funded with procurement and O&M funds rather than with MILCON funds within the BRAC appropriation account. As a result, the total MILCON costs of \$18.3 million, including supporting facilities, contingencies, and SIOH, should be reduced by \$546,000 (Appendix A). The related projects are discussed below.

Fencing/utility isolation/wash rack - Carswell AFB, (Project UDPF939008). The Air Force estimated the project would cost \$2.67 million. We determined that the base realignment and closure project should be reduced by \$145,000.

Aircraft Wash Rack. An aircraft wash rack was proposed for the new cantonment area at Carswell AFB. The total MILCON cost is estimated to be \$130,000. Our review disclosed that a proposed requirement for a new wash rack existed before base realignment and closure; therefore, the requirement should not be funded with BRAC funds. In addition, documentation did not support the need for a wash rack. This requirement should be deleted and the project cost reduced by \$130,000.

Other Project Costs. Based on the proposed reduction in costs stated above, the cost for contingencies should be reduced by \$7,000, and the cost for SIOH should be reduced by \$8,000.

Alter missile assembly facility - Barksdale AFB, (Project AWUB935107). The Air Force estimated the project would cost \$1.45 million. We determined that the base realignment and closure costs for the project requirements should be reduced by \$134,000.

Missile Support Pits. Barksdale AFB requested the construction of 25 missile support pits at its IMF as a result of the Carswell AFB closure. The MILCON estimated cost is \$500,000. However, Carswell AFB, the closing base, has only 19 missile support pits. The additional six missile support pits proposed for Barksdale AFB for construction are not due to the Carswell AFB closure, and thus, cannot be funded with BRAC funds. Therefore, the project cost should be reduced by \$120,000, the estimated cost of the six additional pits.

Other Project Costs. Based on the proposed reduction in costs stated above, the cost for contingencies (based on a 5-percent factor) should be reduced by \$6,000, and the cost for SIOH should be reduced by \$8,000.

Technical training facility - Dyess AFB, TX (Project FFWZ933006). The Air Force estimated that the project would cost \$5.4 million. We determined that the BRAC costs for the project requirements should be reduced by \$267,000.

Prewired Workstations. The costs for prewired computer workstations, estimated to be \$240,000, are considered to be furnishings and equipment and should be funded with Procurement and O&M funds, not with BRAC closure funds earmarked for military construction. This requirement should be deleted and the project cost reduced by \$240,000.

Other Project Costs. Based on the proposed reduction in cost stated above, the cost for contingencies should be reduced by \$12,000, and the cost for SIOH should be reduced by \$15,000.

RECOMMENDATIONS, MANAGEMENT COMMENTS, AND AUDIT RESPONSE

1. We recommend that the Commander, Air Combat Command and the Commander, Headquarters, Air Force Reserve:

a. Prepare new DD Forms 1391, with adequate supporting documentation for the requirements and estimated costs as required by Air Force Regulation 86-1, for all projects related to the closure of Carswell Air Force Base.

b. Use existing equipment and space at Carswell Air Force Base to the maximum extent possible in determining revised military construction authorization estimates for all projects related to the closure of Carswell Air Force Base.

c. Exclude invalid project requirements and costs from the revised DD Forms 1391 related to the closure of Carswell Air Force Base.

Management comments. The Air Force partially concurred with Recommendation 1. While agreeing that DoD Instruction 7040.4, "Military Construction Authorization and Appropriation," states that a contingency factor exceeding 5 percent may be allowed, but only if adequately justified, the Air Force stated that the Annual Air Force Construction Pricing Guide allows a 10-percent contingency factor for all alteration projects and for add/alter projects where the alteration portion is largest. A contingency of 10 percent was considered appropriate for alteration because of the "unknowns" that occur in this type of construction.

With regard to the reuse of existing perimeter and security fencing, the Air Force stated that such reuse would have very minimal savings. In addition, the reused fencing would have significantly shorter life expectancy than new fencing.

Regarding the reuse of the existing Carswell commissary facility, the Air Force stated that the House version of the FY 1993 Authorization Bill had designated the commissary facility at Carswell Air Force Base to remain operational as part of a test to determine the feasibility of allowing commissaries to remain

operational at closure bases with large retiree contingents. Therefore, the Air Force concluded that space in the existing commissary was not available for alteration or reuse.

Audit Response. The Air Force response did not comment on Recommendation 1.a. where we recommended that the Air Force prepare new DD Forms 1391 with adequate supporting documentation for the requirements and estimated costs as required by AFR 86-1, for all projects related to the closure and realignment of Carswell Air Force Base. The supporting documentation must include a detailed cost estimate that should be prepared in sufficient detail to permit cost validation, as well as a detailed data sheet to list existing facilities and space requirements related to the proposed project. The Air Force stated that new DD Forms 1391 would be submitted for changes in project scopes. While we agree that changes in project scopes require new DD Forms 1391, this does not meet the intent of our recommendation. Our recommendation addressed the fact that none of the projects reviewed during our audit had adequate supporting documentation for the requirements and estimated costs and, therefore, could not be validated. New DD Forms 1391 must be submitted for all projects related to the closure and realignment of Carswell AFB, and the submissions must be adequately supported.

We disagree that the use of a 10-percent contingency factor is appropriate for all alteration projects. According to DoD Instruction 7040.4, "Military Construction Authorization and Appropriation," the use of a contingency factor exceeding 5 percent may be allowed, but only if adequately justified. According to the Air Force, the Annual Air Force Construction Pricing Guide allows a 10-percent contingency factor for all alteration projects and for add/alter projects where the alteration portion is largest. This conflicts with the DoD Instruction. The use of a contingency factor in excess of the standard factor of 5 percent must be adequately justified in accordance with DoD Instruction 7040.4. The Air Force guide, to the extent that it is contrary to the DoD instruction, should not be used to support contingency costs beyond 5 percent of project costs without the separate justification required by the instruction. The fact that a project involves alteration does not in itself justify a higher contingency factor.

We agree with Air Force comments concerning the fencing and deleted the section of the report that discussed reuse of the fencing.

The Air Force comments concerning the unavailability of the commissary facility for reuse are premature. The National

Defense Authorization Act for FY 1993 does not designate Carswell AFB as a location at which the commissary can remain open after base closure. The Act does permit the Secretary of Defense to select up to three bases where a commissary can remain open for a test period of one year after closure. If the Secretary of Defense designates Carswell AFB as the test site, then comments concerning the reuse of the commissary facility meet the intent of our recommendations. However, if the commissary facility at Carswell AFB is not designated to remain operational, then the Air Force should comply with our recommendations concerning the alteration and reuse of the commissary facility to satisfy project requirements.

2. We recommend that the Commander, Air Combat Command submit a cancellation notice to Headquarters, Air Force, Directorate of Military Construction and to the Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller), Director, Budget Investment, as required by Air Force Regulation 86-1, for the following cancelled projects:

a. Television production facility at Dyess Air Force Base, Project FNW2933010, totaling \$2.05 million.

b. Flight simulation training facility at Minot Air Force Base, Project QJVF915002, totaling \$440,000.

Management comments. The Air Force concurred and canceled television productions facilities and flight simulation training projects costing \$2.49 million.

Audit response. Air Force comments are responsive and additional comments are not required.

3. We recommend that the Assistant Secretary of the Air Force (Financial Management and Comptroller):

a. Reduce the FY 1992 military construction authorization for Project AWUD935107, "Alter Missile Assembly Facility" at Barksdale Air Force Base, by \$427,000; and reduce the FY 1993 military construction authorization by \$11.453 million for all remaining projects with overstated requirements, as shown in Appendix A. The \$11.453 million is a net amount consisting of \$11.679 million of reductions for overstated requirements and a \$226,000 increase for an understated requirement.

b. Transfer funding for the following project costs from the base realignment and closure military construction account:

(1) Aircraft wash rack at Carswell Air Force Base, Project DDPF939008, which totals \$145,000.

(ii) Six missile support pits at Barksdale Air Force Base, Project AWUB935107, which totals \$134,000.

(iii) Prewired workstations at Dyess Air Force Base, Project FNW2933006, which totals \$267,000.

The Air Force partially concurred with Recommendation 1., which addressed the scope and costs of eight projects, five at Carswell AFB, and one each at Tinker AFB, Barksdale AFB, and Dyess AFB. Following is a summary of the Air Force comments and audit response pertaining to each project.

Management comments. Add to and alter base supply complex - Carswell AFB. The commissary warehouse is no longer available for use as a base supply complex. AFM 86-2 is currently being revised, therefore the draft Air Force Reserve (AFRES) Regulation 86-2 was used to determine a new requirement of 35,000 square feet vice the 48,000 square feet originally requested. The new open storage facility was still required. A new DD Form 1391 has been prepared for this project, with a 5-percent contingency.

Audit response. Add to and alter base supply complex - Carswell AFB. If the commissary is selected to remain open, then our recommendation concerning the use of commissary space is not valid. If the commissary is not selected to remain open, the Air Force should use commissary space for base supply. We also disagree with the use of the draft supplemental AFRES Regulation 86-2 to determine space requirements. The AFRES Regulation is only in draft, with no definite date for becoming a final document. We did not evaluate the merit of the draft AFRES regulation which increases the allowable facility space by 9,800 square feet (39 percent more than the current allowance). Although AFM 86-2, is being updated, it is still an active regulation and contains the current and proper criteria to follow. Per AFM 85-2, only 25,200 square feet of space is allowed for this facility and not the 35,000 square feet requested.

Management comments. Add to and alter BCE facilities - Carswell AFB. Since the commissary facility is no longer available, building 1551 will now be altered to accomplish this requirement at the original scope and cost of \$1.95 million, including a 10-percent contingency. AFM 6-2 allows for the use of active Air Force criteria where floor space exceeds 0.25 million square feet.

Audit response. Add to and alter BCE facilities - Carswell AFB. The Air Force comments did not respond in full to our recommendation. We agree that if the commissary is not available for reuse, alterations to existing buildings will be required. We also agree that AFM 86-2, paragraph 24-60

does allow for space requirements to be determined in accordance with active Air Force criteria if the equivalent floor space exceeds 0.25 million square feet. However, at the time of our review at Carswell AFB, we determined the equivalent floor space to be less than 0.25 million square feet. It is possible that if the commissary facility remains operational, the equivalent floor space may exceed 0.25 million square feet. The problem we found with this project, as with all the projects reviewed, was the lack of supporting documentation for the requirements and estimated costs. Based on the nonavailability of the commissary facility for reuse and the use of active Air Force criteria, the Air Force stated that the requirement would be accomplished at the original scope and cost of \$1.95 million. However, the \$1.95 million included \$257,000 of costs for the Civil Engineering Squadron which will not be relocated but will remain in its current facility. Therefore, our recommendation to reduce the overall project by \$1.95 million included the \$257,000 of costs for the Civil Engineering Squadron. The Air Force response did not take this into consideration.

Management comments. Alter facilities for base cantonment - Carswell AFB. The Air Force concurred and deleted the requirements for the existing life support facility and physical fitness center, totalling \$201,000. However, additional requirements were stated and a new DD Form 1391 will be submitted at a reduced cost of \$2.3 million and will be updated at the 35-percent design stage.

Audit response. Alter facilities for base cantonment - Carswell AFB. The Air Force comments concerning deletion of \$201,000 of costs for the life support facility and physical fitness center are responsive to our recommendations. However, the Air Force did not comment on our recommendations concerning the deletion of the requirement for miscellaneous administrative facilities totalling \$375,000, and our recommendation to reduce the scope and cost of the security police operations/flight by 5,600 square feet and \$184,000 respectively, to comply with space requirements as stated in AFM 86-2. The Air Force comments included MILCON requirements for a mail receiving/distribution area, a cashier's vault, a social actions training area, a disaster preparedness training area, a contracting office, a legal center, a communications center, and a data automation area. None of these requirements were specifically identified on the original DD Form 1391 that was submitted to the Commission and that we audited. The Air Force further commented that a new DD Form 1391 will be submitted to reflect a cost of \$2.3 million, which is the cost of the original DD Form 1391 reduced by the \$201,000 (the life support facility and

physical fitness center). This action is not responsive to our recommendations. The Air Force stated that the remaining funds will now be used to satisfy the requirements as stated. However, the Air Force did not support these requirements and costs. Before arriving at an estimated project cost, the Air Force must define the scope of the projects, detailing the work to be accomplished. Only then are they in a position to accurately estimate the costs to fulfill the project requirements. Adequate documentation must support both the requirements and the estimated costs as required by AFR 86-1.

Management comments. Alter medical training facility - Carswell AFB. The structural alterations to the two buildings were not to improve the structural integrity as stated in the subject audit report, but to alter the interior walls and the mechanical systems. The current costs including a 10-percent contingency were valid at \$650,000.

Audit response. Alter medical training facility - Carswell AFB. The Air Force comments conflict with supporting documentation that was furnished us during our review. According to the "FY 94 Project Cost Estimate Worksheet - Detail Cost Estimate", provided by Headquarters Air Force Reserves, the estimated project costs included costs for structural alterations as follows:

Substructure	\$ 57,000
Superstructure	30,000
Roofing	18,000
Exterior Closure	<u>86,000</u>
Total	<u>\$191,000</u>

Although this supporting documentation was not detailed enough to adequately support the project requirements or costs, it did however, indicate \$191,000 of structural alterations. The Air Force needs to submit a new DD Form 1391 with adequate supporting documentation for the requirements and estimated costs.

Management comments. Fencing/utility isolation/wash rack - Carswell AFB. The fencing cannot be reused as suggested in the audit report. The relocation of utility lines and meters was still required, as the Air Force will not become a utility agent for areas outside the reserve cantonment area. The wash rack was currently outside the new cantonment area, and replaced an existing capability. The fact that a replacement wash rack was previously programmed does not alter this requirement. The project was valid at the current cost of \$2.67 million.

Audit response. Fencing/utility isolation/wash rack - Carswell AFB. The Air Force comments regarding the use of the existing fencing caused us to revise our recommendations, and we deleted monetary benefits related to reuse of the fencing from the report. However, the comments regarding the utility isolation and metering are not responsive to our recommendation. The Air Force has failed to respond to the fact that the requirements and estimated costs of \$1.75 million to meet this requirement were totally unsupported. We also disagree with the Air Force comments regarding the wash rack. The requirements and estimated costs of \$130,000 were also unsupported. Regardless of the lack of supporting documentation, we contend that the requirements for a new wash rack are not the result of base closure. Per DD Form 1391, dated December 11, 1987, a fuel systems maintenance dock facility was to be constructed at Carswell AFB which would satisfy an existing requirement for a wash rack, as well as fulfilling a requirement as a fuel systems maintenance hangar. However, due to unforeseen fuel leakage problems with aircraft, the wash rack capabilities of the facility could not be utilized. Thus, a wash rack facility was still required before base closure. The Air Force has been using an open wash rack outside the cantonment area. Per AFM 86-2, dated March 1, 1973, section E "Corrosion Control Facility," paragraph 8-7(d), an open aircraft wash rack is inadequate for modern requirements and should be replaced with a covered corrosion control facility. We agree that the Air Force has a need for a wash rack facility in the cantonment area at Carswell AFB, however, the need is not the result of base closure, and should not be funded with base closure funds.

Management comments. Alter missile assembly facility - Barksdale AFB. Existing equipment at Carswell AFB will be relocated to Barksdale AFB for this project. A requirement no longer exists for the SATAF administration facility. The accompanying power requirement has already been accomplished with \$40,000 of regular O&M funding. The six additional pits programmed at Barksdale are not related to base closure and will be accomplished on a separate contract. A new DD Form 1391 will be accomplished to reflect a new cost of \$920,000, which includes a 10-percent contingency.

Audit response. Alter missile assembly facility - Barksdale AFB. The Air Force comments meet the intent of our recommendations, however, the new cost should be calculated with a 5 percent contingency factor.

Management comments. Technical training facility - Dyess AFB. Mission changes and management decisions occurring after the initial funding request will require revision of the project scope and related funding. Although the television production

facility is no longer required at Dyess AFB, the 436th STS must maintain its own audio visual capability. A legal determination by the Corps of Engineers verifies that 10 United States Code (USC) 2802 and 2812 allow use of MILCON funds for acquisition and installation of equipment and appurtenances integral to the project. Pre-wired workstations fit this description and can be procured with MILCON funds. A new DD Form 1391 has been prepared for this revised project to reflect a total cost of \$5 million, including a 5-percent contingency.

Audit response. Technical training facility - Dyess AFB. The Air Force comments were not responsive to our recommendations, which addressed the requirements for the training aids shop, the field training facility, and the technical training classroom. The reasons given for revising the DD Form 1391, at an estimated cost of \$5 million, were mission changes and management decisions that occurred after the initial funding request. The Air Force further stated that "even though the Television Production Facility is no longer required at Dyess, the 436th STS still must maintain its own audio visual capability." However, our recommendations took into consideration the changes occurring after the initial funding request which included the need for the 436th STS to maintain its own audio visual capability. The revised space requirement to fulfill this need was submitted to us by the commander of the 436th STS in May 1992. We agreed with the commander's revised space requirements and thereby allowed those requirements as specified by the commander to remain included under the project (DD Form 1391). Our recommendations did not deprive the 436th STS of the capability to satisfy this requirement.

We also disagree with the Air Force comments regarding the pre-wired work stations. Reference to a legal determination by the Corps of Engineers as the basis for using MILCON funds to acquire pre-wired work stations does not address this issue. The legal determination did refer to 10 USC 2802, which states that military construction projects include authority for the acquisition and installation of equipment and appurtenances integral to the project. It then referred to Army Regulation 415-15, "Military Construction Army Program Development," December 1, 1983, which states that equipment affixed and built into a real property as an integral part of the facility is construction and will be funded as a construction cost. This appears to be the basis for the Air Force contention that the pre-wired work stations can be funded with MILCON funds. The Air Force stated that it considered the pre-wired work stations to be building subsystems. We disagree. The Air Force did not provide documentation to support its contention that the pre-wired

workstations will be building subsystems. In a tour of the facility, current movable furnishings were identified by the Air Force as examples of the pre-wired workstations. Based on the facility tour, we determined that the pre-wired workstations are not structurally attached to the building and therefore can not be funded with MILCON funds. Army Regulation 415-15 states that equipment that is movable and not affixed as an integral part of the facility is generally accounted for as personal property rather than real property and should not be financed from MILCON funds. Examples given under Army Regulation 415-15 of items that should not be financed with MILCON funds include "furniture, furnishings, automated data processing equipment, and any operational equipment for which installation mountings and connections are provided in the building design, and that is detachable without damage to the building or equipment."

Our report recommended submission of a revised DD Form 1391, reflecting a total cost of about \$3 million. This was based on revised training requirements for the 436th STS which included space requirements for the 436th STS to maintain its own audio visual capability. Based on the Air Force limited response to our recommendations, we are unable to agree with its decision to resubmit the DD Form 1391 at a total cost of \$5 million. The Air Force response does not indicate any additional requirements beyond what was addressed during our audit. Unless there are additional requirements not previously disclosed, the submission of a revised DD Form 1391 should conform to our recommendations and should be funded at a cost of \$3 million. In either case, the DD Form 1391, as previously stated, must have adequate supporting documentation for the requirements and estimated costs.

Management comments. Alter communications facility - Tinker AFB. The Air Force concurred with deletion of the requirement for an emergency generator. This project is now 30 percent designed and a new DD Form 1391 will be submitted for the architect/engineer's cost estimate of \$450,000, which includes a 10-percent contingency.

Audit response. Alter communications facility - Tinker AFB. The Air Force comments to cancel the generator and develop a new DD Form 1391 meet the intent of our recommendations. However, new cost calculations should include only a 5-percent contingency factor.

In closing comments, the Air Force suggested that the OIG, DoD teams should have contacted the Base Realignment Division, before their trips to closure bases for an update on each base's current closure program. On April 7, 1992, before our trip to Carswell AFB, we did in fact contact and

meet with appropriate Air Force personnel for such an update. The updated information that we obtained did not affect the facts of the audit. The complete text of the Air Force comments to the draft report is in Part III of this report.

ADDITIONAL COMMENTS REQUIRED

We request additional comments from the Air Force on Recommendations 1.a., 1.b., and 1.c. Comments are also requested for the following projects addressed in Recommendation 3.a. (Add to and alter base supply complex, Add to and alter BCE facilities, Alter facilities for base cantonment, Alter medical training facility, Fencing/utility isolation/wash rack, technical training facility, and Alter communications facility), and Recommendations 3.b.(i), and 3.b.(iii).

PART II - ADDITIONAL INFORMATION

APPENDIX A - Proposed Reductions in Construction

APPENDIX B - Summary of Potential Benefits Resulting from Audit

APPENDIX C - Activities Visited or Contacted

APPENDIX D - Report Distribution

APPENDIX A - PROPOSED REDUCTIONS IN CONSTRUCTION

<u>Project Number</u>	<u>Location</u>	<u>Project Description</u>	<u>Total Project Costs Per DD Form 1391</u>	<u>Reductions For Overstated Requirements</u>	<u>Reductions For Incorrect BPAC Funding</u>
DDPF939004	Carswell AFB	Add to and alter base supply complex	\$ 650,000	\$ 541,000	
DDPF939005	Carswell AFB	Add to and alter BCE facilities	1,950,000	1,950,000	
DDPF939006	Carswell AFB	Alter facilities for base cantonment	2,550,000	1,667,000	
DDPF939007	Carswell AFB	Alter medical training facility	650,000	259,000	
DDPF939008	Carswell AFB	Fencing/utility isolation/wash rack	2,670,000	1,948,000	\$145,000
AWUB335107 ^{1/}	Barksdale AFB	Alter missile assembly facility	1,450,000	427,000	134,000
FNWZ933006	Dyess AFB	Technical training facility	5,400,000	2,108,000 ^{2/}	267,000
FNWZ933010	Dyess AFB	Television production facility	2,050,000	2,050,000	
QJVF915002	Minot AFB	Alter flight simulation training	440,000	440,000	
WWYK920205	Tinker AFB	Alter communications facility	500,000	500,000	
Total			<u>\$18,310,000</u>	<u>\$11,890,000</u>	<u>\$546,000</u>

^{1/}FY 1992 military construction project.

^{2/}The \$2,108 million consists of \$2,334 million in reductions to project costs and a \$226,000 increase to project costs for additionally required classroom space.

APPENDIX B - SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

<u>Recommendation Reference</u>	<u>Description of Benefits</u>	<u>Amount and/or Type of Benefit</u>
1.a.	Compliance. Compliance with this regulation will result in more accurate estimates of the requirements and costs of the projects and also enable their validation.	Nonmonetary.
1.b.	Economy and Efficiency. Use existing equipment and space at Carswell AFB in determining revised MILCON budget estimates for all projects related to the Carswell AFB closure.	Monetary benefits cannot be quantified.
1.c.	Economy and Efficiency. Exclude invalid project requirements and costs from revised DD Forms 1391 related to the Carswell AFB closure.	Nonmonetary.
2.a., 2.b.	Compliance. Submit cancellation notices to Headquarters, Air Force, Directorate of Military Construction and to the Assistant Secretary of the Air Force (Financial Management and Comptroller) for cancelled projects.	The amount of monetary benefits is included under Recommendation 3.a.
3.a.	Economy and Efficiency. Reduce the FYs 1992 and 1993 MILCON authorizations for overstated requirements.	Funds put to better use of \$11.890 million for the MILCON Appropriation, \$11.463 million for FY 1993 and \$427,000 for FY 1992 (See Appendix A).

APPENDIX B - SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT
(cont'd)

<u>Recommendation Reference</u>	<u>Description of Benefits</u>	<u>Amount and/or Type of Benefit</u>
3.b.	Compliance. Transfer costs from the base realignment and closure account for projects not directly associated to the base closure.	MILCON Appropria- tion funds of \$546,000 will be made available for valid MILCON projects.

APPENDIX C - ACTIVITIES VISITED OR CONTACTED

Department of the Air Force

Base Realignment Office, Washington, DC
Headquarters, Strategic Air Command, Omaha, NE
2nd Bombardment Wing, Barksdale Air Force Base, LA
7th Bombardment Wing, Carswell Air Force Base, TX
96th Bombardment Wing, Dyess Air Force Base, TX
301st Tactical Fighter Wing, Carswell Air Force Base, TX
2654th Civil Engineering Squadron, Tinker Air Force Base, OK

APPENDIX D - REPORT DISTRIBUTION

Office of the Secretary of Defense

Assistant Secretary of Defense (Production and Logistics)
Comptroller of the Department of Defense

Department of the Air Force

Secretary of the Air Force
Under Secretary of the Air Force
Assistant Secretary of the Air Force (Financial Management and
Comptroller)
Assistant Secretary of the Air Force (Manpower, Reserve Affairs,
Installations, and Environment)
Headquarters, Air Combat Command
Headquarters, Air Force Reserve
2nd Bombardment Wing, Barksdale Air Force Base
5th Wing, Minot Air Force Base
7th Bombardment Wing, Carswell Air Force Base
96th Bombardment Wing, Dyess Air Force Base
301st Tactical Fighter Wing, Carswell Air Force Base
2854th Civil Engineering Squadron, Tinker Air Force Base

Non-DOD Activities

Office of Management and Budget
General Accounting Office, National Security and International
Affairs Division, Technical Information Center

Chairman and Ranking Minority Member of the following
Congressional Committees and Subcommittees:

Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Committee on Armed Services
House Committee on Government Operations
House Subcommittee on Legislation and National Security,
Committee on Government Operations
Senator Lloyd Bentsen, U.S. Senate
Senator David L. Boren, U.S. Senate
Senator John Breaux, U.S. Senate
Senator Quentin N. Burdick, U.S. Senate
Senator Kent Conrad, U.S. Senate
Senator Phil Gramm, U.S. Senate
Senator J. Bennett Johnston, U.S. Senate
Senator Don Nickles, U.S. Senate
Congressman Byron L. Dorgan, U.S. House of Representatives

APPENDIX D - REPORT DISTRIBUTION (cont'd)

Congressman Glenn English, U.S. House of Representatives
Congressman Pete Geren, U.S. House of Representatives
Congressman Jim McCrery, U.S. House of Representatives
Congressman Charles W. Stenholm, U.S. House of Representatives

PART III - MANAGEMENT COMMENTS

MANAGEMENT COMMENTS - DEPARTMENT OF THE AIR FORCE



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON DC

24 SEP 1992

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL
DEPARTMENT OF DEFENSE

SUBJECT: Draft Quick Reaction Report on the Review of Defense Base Closure and
Realignment Budget Data for Carswell, Barksdale, Dyess, Minot, and Tinker
Air Force Bases, 28 August 92, DoD (IG) report number 2CG 5022.04 -
INFORMATION MEMORANDUM

This is in reply to your memorandum to the Assistant Secretary of the Air Force
(Financial Management and Comptroller) requesting Air Force comments on subject report.

The first DoD (IG) recommendation calls for preparing new DD Form 1391's for all
projects related to the closure of Carswell AFB, taking into account a 5% (vs 10%)
contingency factor, use of existing equipment and space at Carswell AFB, to the maximum
extent possible, and excluding invalid project requirements and costs.

DoD COMMENTS: Prepare new DD Form 1391's with adequate supporting
documentation for the requirements and estimated costs as required by AFR 86-1, for all
projects related to the closure of Carswell AFB. Use existing equipment and space at
Carswell AFB, to the maximum extent possible, in determining revised Military
Construction authorization estimates for all projects related to the closure of Carswell AFB.
Exclude invalid project requirements and costs from the revised DD Form 1391's related to
the closure of Carswell AFB.

AIR FORCE COMMENTS: Partially concur. We agree that DoD Instruction 7040.4,
"Military Construction Authorization and Appropriation," states that a standard rate factor
of 5% is permitted for contingency costs. A higher factor may be allowed, but only if
adequately justified. To preclude individual project justification for 5% or 10%
contingency fees, an Annual Air Force Construction Pricing Guide is issued to notify major
commands and bases on the most current area cost factors and unit prices. This guide
(section 7) directs a 5% contingency factor for all new facility or facility addition projects.
It further allows a 10% contingency factor for all alteration projects and for add/alter
projects where the alteration portion is largest. Contingency of 10% is considered
appropriate for alteration because of the "unknowns" that occur in this type of construction
(hidden pipes/asbestos/etc) and only become evident when construction begins. Specific
comments on your draft report follow:

Fencing - The existing perimeter and security fence is old and should last 5 to 7 years
with minimal repairs. If taken down and relocated, the material life would be shortened
due to scratches and breaks in the galvanized surface. It is estimated that labor to remove
the fence fabric would cost \$1.00 per linear foot. The cost to reglitize the fabric is
approximately \$1.10 per linear foot. As the cost for new fabric only is \$2.25 per linear
foot, the savings for fence reuse amounts to \$0.15 per linear foot or \$1,500 for the entire
project. However, the new fence will have a life expectancy of 10-15 years because of the

MANAGEMENT COMMENTS - DEPARTMENT OF THE AIR FORCE (cont'd)

upright metal posts is prohibitive as they are encased in concrete. The projected minimum cost savings would be offset even more by the reduced property security during and after the relocation. Additionally, the unfenced cantonment area may result in unauthorized dumping and encroachment liability if a caretaker contract is required prior to actual disposal of the remaining portion of the base.

Commissary Facility Usage: FY93 legislation proposed by the Congress tasks each of the services to conduct a test to determine if it is feasible to allow commissaries to remain operational at closure bases with large retiree contingents. Carswell AFB was designated as the Air Force test base in the House version of the FY93 Authorization Bill. Therefore, space in the existing commissary sales store, warehouse, and parking lot is not available for alteration or reuse to meet the requirements questioned in the subject DoD (IG) Recommendations. New DD Form 1391's will be submitted for changes in project scopes.

The second DoD recommendation concerned cancellation of two projects that have been "overtaken" by subsequent events.

DoD COMMENTS: The Commander, Air Combat Command, should submit a cancellation notice to Headquarters, U.S. Air Force, Directorate of Military Construction and to the Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller), Director, Budget Investment, as required by AFR 86-1 for the Television Production Facility at Dyess AFB, FHW2933010, totaling \$2.05 million and the Flight Simulation Training Facility at Minot AFB, QJVF015002, totaling \$440,000.

AIR FORCE COMMENTS: Concur. The inactivation of the 1365th Audio Visual Squadron after submission of the initial MILCON program eliminates the need for the television production facility at Dyess AFB. The project has been cancelled and no Base Realignment and Closure (BRAC) design funds have been expended against this project. Again, after the initial submission of the MILCON program, a B-52 flight simulator at Minot AFB was moved to K.I. Sawyer AFB with normal O & M funds. The Minot BRAC MILCON project has been cancelled and no BRAC design funds were expended on the project.

The third DoD recommendation addressed the scope and costs of the remaining eight projects: five at Carswell AFB, one at Tinker AFB, one at Barksdale AFB, and one at Dyess AFB.

DoD COMMENTS: The Air Force should use existing commissary warehouse space to meet the needs of the Base Supply complex (\$541,000), delete the requirement for a Base Civil Engineering complex (eliminate \$1.95 million), reduce the scope for four cantonment facilities (\$1.66 million), reduce the scope of the Medical Training Facility (\$259,000), eliminate the wash rack and utility isolation (\$2.18 million), eliminate the communication facility project at Tinker AFB (\$520,000), reduce the scope of the Missile Assembly Facility at Barksdale AFB (\$427,000) and reduce the scope of the Technical Training Facility at Dyess AFB (\$2.108 million).

AIR FORCE COMMENTS: Partially concur.

Base Supply Complex: As stated earlier, the commissary warehouse is no longer available for use as a base supply complex. A project is still required as the existing complex is outside the new cantonment area. As AFM 86-2 is currently being revised, the draft supplemental AFRES Regulation 86-2 has been used to determine the new requirement of 35,000 square feet vice the 48,000 square feet originally requested. The new open storage is still required. A new DD Form 1391 has been prepared for this project, with a 5% contingency.

MANAGEMENT COMMENTS - DEPARTMENT OF THE AIR FORCE (cont'd)

Add Alter Civil Engineering Complex - AFM 86-2, paragraph 24 (d) also states "for base operations with equivalent floor space in excess of 0.25 million SF (Fig 8-3), the administration, pavements and grounds, and maintenance shop space requirements may be determined in accordance with active Air Force criteria". Since the commissary facility is no longer available, facility 1651 will now be altered to accomplish this requirement at the original scope and cost of \$1.95 million (10% contingency).

Alter Facilities for Cantonment - The boundaries for the Reserve Cantonment area at Carswell AFB were briefed to OSD (P&L) in June 92 and were approved by SAF/MO letter, July 6, 1992. The existing life support facility and physical fitness center are now within this new cantonment area and programmed work on these two facilities will be deleted (\$201,000). A requirement still exists to provide space for mail receiving/distribution, cashier's vault, social actions training area, disaster preparedness training, contracting office, legal center, communications center, and data automation. The existing security police armory and central security control facilities will be utilized along with alteration of another building for mobility storage to minimize MILCON costs. A new DD Form 1391 will be submitted at a reduced cost of 2.3 million and updated at the 35% design stage.

Alter Medical Training Facility - The structural alterations to the two buildings was not to improve the structural integrity (as indicated by the subject report), but to alter interior walls and the mechanical systems to accommodate the new exam rooms, radiology, medical laboratory, pharmacy, immunology, bio-environmental, training classrooms for three medical units. The current costs (10% contingency) are valid at \$650,000.

Fencing/Utility Isolation/Wash Rack - The fencing issue has been previously addressed. Relocation of a portion of the existing utility lines, adding meters for gas, electric, and water is still required, as the Air Force will not become a utility agent or "transmission agent" for areas outside the Reserve Cantonment area. The current aircraft wash rack is outside the new cantonment area and must be relocated. The fact that a replacement wash rack was previously programmed does not alter this requirement. This project simply replaces an existing capability that is outside the cantonment area. Project is valid at the current cost of \$2.67 million.

Alter Communication Facility at Tinker AFB - The alteration of an existing facility at Tinker AFB is required to accept the relocated equipment from Carswell AFB. These costs are properly charged to MILCON and not equipment purchase costs or other appropriations. We concur that the requirement for a emergency generator has been cancelled. This project is now 30% designed and a new DD Form 1391 will be submitted for the Architect/Engineer's cost estimate of \$450,000 (10% contingency).

Alter Missile Assembly Facility at Barksdale AFB - Existing equipment at Carswell AFB will be relocated to Barksdale AFB for this project. There is no longer a requirement for the on-site Activation Task Force administration facility. The accompanying power requirement has already been accomplished with \$40,000 of regular O & M funding. The six additional missile support pits programmed at Barksdale (\$34,000) are not related to Base Closure and will be accomplished on a separate contract. A new DD Form 1391 will be accomplished at a new cost of \$920,000 (10% contingency).

Technical Training Facility at Dyess AFB - Mission changes and management decisions occurring after the initial funding request will require revision of the project scope and related funding. Even though the Television Production Facility is no longer required at Dyess, the 436th Training Squadron still must maintain its own audio visual capability. A legal determination by the Corps of Engineers verifies that 10 USC 2812 and 10 USC 2802 allows use of MILCON funds for "acquisition and installation of equipment and

MANAGEMENT COMMENTS - DEPARTMENT OF THE AIR FORCE (cont'd)

apertures integral to the project". (Pre-wired work stations are considered building subsystems and the structure is sized and designed to accommodate a particular work layout in order to achieve a high degree of flexibility. A new DD Form 1391 has been prepared for this revised project at a total cost of \$5.0 million (5% contingency).

May I suggest that the DoD (IG) teams contact AF/XOOR, Col Jim Casey at 703-695-6766 prior to their trips to closure bases for an update on the base's current closure program. This contact would improve the accuracy of their information and foster better recommendations.



JAMES F. BOATRIGHT
Deputy Assistant Secretary of the Air Force
(Installations)

AUDIT TEAM MEMBERS

David K. Steensma, Director, Contract Management Directorate
Salvatore D. Guli, Audit Program Director
Sandra L. Fissel, Audit Project Manager
Steven Case, Senior Auditor
Robert A. McGriff, Senior Auditor
Jerry Hall, Auditor
LaNita Matthews, Auditor
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